

CERTIFIED TRANSLATION

(H.J.Res. 1105)

16th LEGISLATIVE 5th ORDINARY
ASSEMBLY SESSION
J. Res. No. 60
(Approved on July 1, 2011)

JOINT RESOLUTION

To amend Sections 2, 4; add a new Section 5 and renumber Sections 6 and 7 of Joint Resolution No. 168 of August 11, 2005, as amended, to authorize the Director of the Office of Management and Budget and the Government Development Bank to, from Fiscal Year 2011-2012, turn into a revolving line of credit the line of credit established during Fiscal Year 2005-2006, to incur obligations up to the amount of one hundred and fifty million (150,000,000) dollars, for the purpose of dealing with disasters or emergency situations affecting the Island, as provided in the Law which created the Emergency Fund, Law No. 91 enacted on June 21, 1966, as amended; and in Law No. 211 enacted on August 2, 1999, as amended, known as the "Puerto Rico State Agency for Emergency and Disaster Management Act;" and to provide the manner in which the incurred obligations will be paid.

STATEMENT OF PURPOSE

The Emergency Fund was created by Law No. 91, enacted on June 21, 1966, as amended, for the purpose of collecting the necessary resources to deal with unexpected and unforeseen public needs, caused by calamities, such as wars, hurricanes, earthquakes, droughts, floods, plagues, and for the purpose of protecting life and property, among others. Said Fund may also be used to finance the operational expenses of the State Agency for Emergency and Disaster Management.

Furthermore, Law No. 91, *supra*, provides that the Emergency Fund will be capitalized annually by an amount of at least one fifth of one percent (0.2%) of the total of the Joint Resolution of the Budget. It is established that the above-referenced contribution will be at least one percent (1%) of the total net income for the previous fiscal year. It is also established that the balance of said Fund will never exceed one hundred and fifty million (150,000,000) dollars, whichever is higher.

In accordance with the foregoing, the purpose of creating the Emergency Fund was to establish a liquid reserves fund to handle unexpected and unforeseen public needs, such as the ones described above.

However, during the past fiscal years, the capitalization provided by Law No. 91, *supra*, has not been done; instead, a line of credit has been used



I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

CERTIFIED TRANSLATION

2

as financial instrument to deal with and solve emergency situations. So, Joint Resolution No. 168 of August 11, 2005, as amended, authorized the Director of the Office of Management and Budget to establish a line of credit to incur obligations up to the amount of one hundred and fifty million (150) dollars, a financial instrument that has been used for the past fiscal years. Said instrument has guaranteed the availability of resources to deal with disasters or emergency situations which have affected Puerto Rico.

This Joint Resolution authorizes the Director of the Office of Management and Budget to, from Fiscal Year 2011-2012, turn into a revolving line of credit the line of credit established by Joint Resolution No. 168, *supra*, to incur obligations up to the amount of one hundred and fifty million (150,000,000) dollars. This has exactly the same purpose, in other words, dealing with disasters or emergency situations affecting the Island, as provided in the Law which created the Emergency Fund, Law No. 91, *supra*; and in Law No. 211 enacted on August 2, 1999, as amended, known as the "Puerto Rico State Agency for Emergency and Disaster Management Act".

We believe that this revolving line of credit financial instrument is the most efficient manner in which to ensure the necessary resources to comply with the extremely important and necessary purposes carried out by this Fund. In addition, said instrument promotes using resources when they are necessary and prevents Funds from being automatically separated from the General Fund if there is no immediate use for the same.

THE PUERTO RICO LEGISLATIVE ASSEMBLY HEREBY DECREES:

Section 1.-Section 2 of Joint Resolution No. 168 of August 11, 2005, as amended, is amended to read as follows:

"Section 2.-The Director of the Office of Management and Budget and the Government Development Bank are authorized to, from Fiscal Year 2011-2012, turn into a revolving line of credit the line of credit established during Fiscal Year 2005-2006, to incur obligations up to the amount of one hundred and fifty million (150,000,000) dollars. This is done for the purpose of dealing with disasters or emergency situations affecting the Island, as provided in the Law which created the Emergency Fund, Law No. 91 enacted on June 21, 1966, as amended; and in Law No. 211 enacted on August 2, 1999, as amended, known as the "Puerto Rico State Agency for Emergency and Disaster Management Act"."

Section 2.-Section 4 of Joint Resolution No. 168 of August 11, 2005, as amended, is amended to read as follows:



I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.

CERTIFIED TRANSLATION

3

“Section 4.- The Government of Puerto Rico will pay, by budgetary assignments made by the Legislative Assembly in the operating budgets of each Fiscal Year, starting on Fiscal Year 2012-2013 and ending on Fiscal Year 2021-2022, the obligations herein authorized. For this purpose, for Fiscal Years 2012-2013 to 2021-2022, the Director of the Office of Management and Budget is ordered to include in the operating budgets of the Government of Puerto Rico, submitted annually by the Governor of Puerto Rico to the Legislative Assembly, the amount agreed upon with the Government Development Bank in order to amortize the obligation authorized in Section 2 of this Joint Resolution and pay for interests accrued each year. If, at any point, the budgetary assignments are not sufficient to pay for the obligations herein authorized and the interests accrued each year, the Secretary of the Treasury will withdraw from any available funds in the General Fund of the Government of Puerto Rico the amounts that are necessary to cover the deficiency in the amount required for payment of said obligations and interests, and order that the amounts so withdrawn be applied to said payment and purpose.”

Section 3.-A new Section 5 is added to Joint Resolution No. 168, as amended, to read as follows:

“Section 5.-The Office of Management and Budget will file annually in the Clerk’s Office of each Legislative Body a report containing a list of the transfers carried out from the Fund herein established, the measures taken to ensure payment of the line of credit within the established period, and annual contributions made and to be made in order to ensure the solvency of the Emergency Fund.”

Section 4.-Sections 5 and 6 of Joint Resolution No. 168, as amended, are renumbered as Sections 6 and 7, respectively.

Section 5.-This Joint Resolution will come into effect on July 1, 2011.

DEPARTMENT OF STATE

Certifications, Regulations, Notary
Registry and Law Sales

I certify that it is a true and exact copy of the original.

July 7, 2011

[signature] President of the House

President of the Senate Signature: _____

Eduardo Arosemena Muñoz
Deputy Services Clerk

pep

I, Juan E. Segarra, USCCI #06-067/translator, certify that the foregoing is a true and accurate translation, to the best of my abilities, of the document in Spanish which I have seen.